

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
January 28, 2009

Project Number CA-2008-959

Project Name Whitney Ranch Apartments
Address: SW Corner of Wildcat Boulevard and Ranch View Drive
Rocklin, CA 95765 County: Placer

Applicant Information

Applicant: Whitney Rocklin L.P.
Contact Robert Lawler
Address: 1801 I Street, Suite 200
Sacramento, CA 95811
Phone: (916) 446-7603 **Fax:** (916) 444-9843
Email: ral@antonllc.com
Sponsors Type: Joint Venture

Information

Housing Type: Large Family

Bond Information

Issuer: CSCDA
Expected Date of Issuance: January 2009
Credit Enhancement: None

Eligible Basis

Actual: \$26,094,026
Requested: \$26,094,026
Maximum Permitted: \$37,503,061

Extra Feature Adjustments:

55-Year Use/Affordability Restriction - Each 1% of Low-Income Units are Income Targeted
Between 50% AMI & 36% AMI: 10%

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$1,187,278	\$0
Recommended:	\$1,187,278	\$0

Project Information

Construction Type: New Construction
Federal Subsidy: Tax-Exempt
HCD MHP Funding: No
Total # of Units: 156
Total # Residential Buildings: 14

Income/Rent Targeting

Federal Setaside Elected: 40%/60%
 % & No. of Targeted Units: 100% - 154 units
 55-Year Use/Affordability Restriction: Yes
 Number of Units @ or below 50% of area median income: 16
 Number of Units @ or below 60% of area median income: 138

<u>Unit Type & Number</u>	<u>2008 Rents % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
4 One-Bedroom	50%	\$665
32 One-Bedroom	60%	\$798
7 Two-Bedroom	50%	\$798
63 Two-Bedroom	60%	\$958
5 Three-Bedroom	50%	\$923
43 Three-Bedroom	60%	\$1,107
2 Two-Bedroom	Manager's Unit	\$885

The general partners or principal owners are Anton Whitney, LLC and Pacific Housing, Inc.

The project developer is St. Anton Capital.

The management services will be provided by St. Anton Property Management.

The market analysis was provided by Vogt Williams & Bowen.

The Local Reviewing Agency, the City of Rocklin, has completed a site review of this project and strongly supports this project.

Project Financing

Estimated Total Project Cost: \$28,229,779 Per Unit Cost: \$180,960 Construction Cost Per Sq. Foot: \$89

<u>Construction Financing</u>		<u>Permanent Financing</u>	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
US Bank - Tax Exempt Bonds	\$15,570,000	US Bank - Tax Exempt Bonds	\$14,490,000
City of Rocklin Redevelopment Agency	\$1,730,000	City of Rocklin Redevelopment Agency	\$1,730,000
Operating income during lease up	\$641,842	Operating income during lease up	\$641,842
Investor Equity	\$7,787,936	Deferred Developer Fee	\$1,424,482
		Investor Equity	\$9,943,455
		TOTAL	\$28,229,779

Determination of Credit Amount(s)

Requested Eligible Basis:	\$26,094,026
130% High Cost Adjustment:	Yes
Applicable Fraction:	100%
Qualified Basis:	\$33,922,234
Applicable Rate:	3.50%
Total Maximum Annual Federal Credit:	\$1,187,278
Approved Developer Fee:	\$2,500,000
Tax Credit Factor: John Hancock Realty	\$0.8375

Applicant requests and staff recommends annual federal credits of \$1,187,278 based on a qualified basis of \$33,922,234 and a funding shortfall of \$9,943,455.

Cost Analysis and Line Item Review

The requested eligible basis \$26,094,026 is below TCAC's adjusted threshold basis limit \$37,503,061. The basis limit includes the adjustment for extraordinary features of a 55-year use/affordability restriction for projects where each 1% of low-income units are income targeted between 50% AMI & 36% AMI. Staff analysis of project costs to determine reasonableness found all fees to be within TCAC's underwriting guidelines and TCAC limitation.

Annual operating expenses utilized are below TCAC minimum operating expenses. The applicant has submitted the necessary documentation to qualify for a reduction of up to 15%, established in Regulations Section 10327(g)(1). The project pro forma shows a positive cash flow from year one.

Staff has calculated federal tax credits based on 3.50% of the qualified basis. Unless the applicant fixed the rate at bond issuance, the Federal Rate applicable to the month the project is placed-in-service will be used to determine the final allocation.

Special Issues/Other Significant Information: None

Recommendation: Staff recommends that the Committee make a reservation of tax credits in the following amount(s) contingent upon standard conditions and any additional conditions imposed by the Committee:

Federal/Annual	State/Total
\$1,187,278	\$0

Standard Conditions

If applicant is receiving tax-exempt bond financing from other than CalHFA, the applicant shall apply for a bond allocation from the California Debt Limit Allocation Committee's next scheduled meeting, if not previously granted an allocation; shall have received an allocation from CDLAC; and, shall issue bonds within time limits specified by CDLAC.

The applicant anticipates financing more than 50% of the project aggregate basis with tax-exempt bond proceeds as calculated by the project tax professional. Therefore, the federal credit reserved for this project will not count against the annual ceiling.

The IRS has advised TCAC that the amount of tax-exempt bonds issued, equivalent to at least 50% of aggregate basis, must remain in place through the first year of the credit period or until eligible basis is finally determined.

TCAC makes the reservation only for the project specified above in the form presented, and involving the parties referred to in the application. No changes in the development team or the project will be permitted without the express approval of TCAC.

The applicant must pay TCAC an allocation fee calculated in accordance with regulation. Additionally, TCAC requires the project owner to pay a monitoring fee before issuance of tax forms.

As project costs are anticipated to be the final project costs, staff recommends that a reservation be made in the amount of federal credit shown above on condition that the final project costs be supported by itemized lender approved costs, and certified costs of the buildings as completed.

All unexpended funds in reserve accounts established for the project must remain with the project to be used for the benefit of the property and/or its residents, except for the portion of any accounts funded with deferred developer fees.

All fees charged to the project must be within TCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credits when the project is placed-in-service.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by TCAC at placed-in-service.

Credit awards are contingent upon applicant's acceptance of any revised total project cost, qualified basis and tax credit amount determined by TCAC in its final feasibility analysis.

Additional Conditions: The applicant/owner is required to provide the tenants with afterschool programs and educational classes for a minimum of ten (10) years in accordance with the bond allocation from CDLAC. These services may be changed to meet the needs of the tenants upon prior approval from CDLAC and written notification to TCAC.

Project Analyst: Gina Ferguson